

Unknown

From: Palmer, Mark A. (PR)
Sent: Wednesday, September 26, 2001 10:44 AM
To: Fastow, Andrew
Subject: FW: September 25, 2001

they sent questions. mostly derivative of the questions they asked Mendelsohn. give me a call.

-----Original Message-----

From: Smith, Rebecca [mailto:Rebecca.Smith@wsj.com]
Sent: Tuesday, September 25, 2001 6:11 PM
To: 'mpalmer@enron.com'
Subject: September 25, 2001



Enron-Questions.doc
(14 KB)

September 25, 2001

TO: MARK PALMER

FROM: REBECCA SMITH AND JOHN EMSHWILLER

Mark,

As you requested, we are sending along questions that we would like to ask Enron executives concerning the LJM2 partnership. As we have told you, we would like to address these questions in interviews with Mr. Lay, Mr. Fastow and any other company officials you feel would be appropriate. We'd like to do these interviews by the end of this week. We look forward to hearing back from you.

QUESTIONS:

1. We've been told by more than one person that the idea for creating the LJM2 limited partnership originated with Mr. Fastow. If true, this would seem to be in conflict with what Mr. Lay told us in our last interview with him. We'd like to get a clearer picture of the origins of the partnership and the reasons for creating it?

2. How much money has Mr. Fastow made from the LJM2 partnership? How does that amount compare to his compensation from Enron for his work as CFO?

3. How much money have Michael Kopper and Ben Glisan realized from their participation in LJM2?

4. At what price did Mr. Fastow sell his interest in LJM2 and when? To whom did he sell his interest? Does he still have any contact with Mr. Kopper or others who are currently running the partnership?

5. Did Enron know that the general partner of LJM2 had a profit participation in the partnership that would produce millions of dollars? Did Enron know that the partnership structure also had the potential to pay the general partner millions more in profit participations? How much has the general partner so far earned?

6. Did Enron ever worry that it might be putting its chief financial officer and other officials in a position where they could potentially reap very large amounts of money at the expense of Enron shareholders by purchasing Enron assets?

7. How many hours a week, on average, did Mr. Fastow devote to the LJM2 partnerships?

8. Did Mr. Fastow ever give the Enron board of directors or top management an estimate of the time he would be devoting to the LJM2 project that was significantly different than what he actually devoted to that project?

9. Did any Enron board member ever raise concerns about the LJM2 partnership and the participation in it of Enron officials?

10. Did any Enron employees ever raise any doubts to top management about this partnership or how it was being operated?

11. Why did Enron feel it was necessary or advisable to waive certain provisions of the company's employee code of conduct to allow Messrs. Fastow, Kopper and Glisan to take part in the LJM2 project? Specifically, what parts of the code of conduct were waived? When was it done? Has the company ever waived part of its code of conduct in any other instance?

12. Did Enron management ever receive a complaint that Mr. Fastow or anyone else connected with the LJM2 partnership was trying to pressure Enron officials into selling company assets to the partnership? Did Enron management ever have any reason to suspect that any such activity was taking place?

13. Did Mr. Fastow sit on Enron's compensation committee? If so, was he in a position to reward Enron employees for doing business with LJM2? Does Enron have any reason to believe that any company employee felt pressure to deal with LJM2 because of Mr. Fastow's role in the partnership?

14. How did Enron and LJM2 select Enron assets for the partnership to purchase or invest in? Did Enron ever tell the partnership that certain desired assets could not be purchased? How was a fair-market price set in transactions? What was the internal process to ensure that Enron shareholders were protected in the company's dealings with LJM2?

15. Did Enron's internal review ever modify or block a transaction? What assets were purchased and for what sums of money?

16. Were the Enron assets sold to LJM2 ever offered to other potential buyers?

17. Did Mr. Fastow have access to all Enron units' books and records, prior to making bids for assets? Was he aware of each unit's quarterly goals? If so, did such knowledge affect what assets went into the LJM2 transactions?

18. Was the LJM2 partnership arrangement approved by Enron's management and board partly as a way to keep Mr. Fastow from leaving Enron?

19. Were LJM2 investors promised that they would receive special access to Enron investment opportunities, including the purchase of company assets?

20. Were firms, such as banks, that do business with Enron approached to invest in LJM2? If so, were such firms ever pressured to invest in order to maintain good relations with Enron?

21. Are there still plans to put together an LJM3 partnership? What would be the amount of capital raised?

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